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UNCLAS SECTION 01 OF 02 MUSCAT 000473

SIPDIS

SENSITIVE
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DEPARTMENT FOR NEA/ARP, NEA/PI FOR SFRANCESKI AND RKAPLAN,
DRL FOR AANZALDUA
USTR FOR JBUNTIN AND AROSENBERG
DOL FOR JSHEA, BSHEPARD AND JRUDE

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TAGS: PGOV PHUM ELAB ETRD KMPI MU
SUBJECT: STRIKE AT PORT OF SALALAH

REF: A. 05 MUSCAT 1874
1B. 06 MUSCAT 1565

¶1. (SBU) Summary: Workers at Port of Salalah, Oman's primary transshipment port, went on strike May 11. The Ministry of Manpower (MOM) declared the strike illegal under recently issued regulations covering work stoppages, and the private company that manages the port suspended many of the strike leaders by the evening of the second day. Contacts claim that while the strike ended May 13 with most employees returning to work, the status of the suspended leaders still is under negotiation and the port continues to run well below capacity. End summary.

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Details of the Strike
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¶2. (SBU) On Friday morning, May 11, 70 to 90 Omani truck drivers and crane operators in Port of Salalah's container terminal went on strike, demanding higher wages, changes to the shift schedule, danger and pollution allowances, and a review of the company's mandatory overtime policy. The strikers accounted for the majority of workers who offload and move containerized cargo for transshipment during the port's day shift, and their number swelled to more than 150 by mid-morning as other port employees decided to stay off the job to support the strike.

¶3. (SBU) According to contacts at the port, tensions between the port's predominantly foreign management and its Omani employees have been high since the last strike at the port in December 2005, when workers who walked off the job in support of a fired colleague raised many of the same issues (ref A). Workers decided to go on strike again, contacts said, to protest what they perceive as the company's unwillingness to fulfill commitments it made to increase wages and study overtime policies as part of the resolution of the 2005 strike.

¶4. (SBU) The Omani government and management of Salalah Port Services, the private company that operates the port, moved quickly to end the strike. By the evening of May 11, the Ministry of Manpower (MOM) declared the strike illegal because, Ministry contacts said, the workers had not provided management with three weeks notice before striking as required in Ministerial Decision (MD) 294 on strikes and collective bargaining. Saleh Alamri, Director General of Labor Care at the MOM, who immediately traveled to Salalah as the government's lead negotiator, told poloff that the MOM and port officials asked the workers to return to their jobs until negotiators could achieve a settlement. The workers

refused, Alamri continued, insisting that the company first guarantee that it would meet their demands. The port then suspended as many as 70 of the drivers and crane operators who instigated the strike. Contacts among workers in Salalah expressed some surprise that the Royal Army of Oman (RAO) - instead of simply the Royal Oman Police (ROP) - deployed in front of where the striking workers had gathered, stationing two vehicles with mounted machine guns along the road to the port. The ROP also established a checkpoint behind the army, and manned the port's main gate.

¶ 15. (SBU) The strike was effectively over by May 13. Most of the workers who supported the drivers and crane operators had returned to their jobs by this date, and contacts reported that the RAO had left its positions in front of the port. Contacts also stated that the Governor of Dhofar - the head of the governorate in which Salalah is located - was preparing to negotiate the status of the suspended workers.

¶ 16. (SBU) Government and port officials claimed, however, that the strike and the subsequent suspensions have had a continuing negative economic effect on the port. Ali Shamas, the Health, Safety, Security and Environment Manager for Salalah Port Services, said that the port has been operating at only 60% capacity since the afternoon of May 11, adding that the company is unsure when it will be able to restore full operations. Alamri told poloff that the strike may have cost the Port as much as 500,000 Omani Riyals (OR) (USD 1.3 million) so far, and that several shipping lines redirected traffic to Port Jebel Ali in Dubai, Salalah's primary regional competitor, upon hearing of the strike. He added that the government is very concerned that future strikes like this one may end up discouraging foreign investment, giving the impression that Oman's labor market is unstable.

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He implied that the government intends to strictly enforce the regulations of MD 294 so that workers, employers and potential investors recognize that labor relations are guided by law.

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Comment
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¶ 17. (SBU) This is the first major strike under Oman's reformed labor laws, which were issued throughout the fall of 2006 in conformance with obligations of the U.S.-Oman Free Trade Agreement (ref B). While the strike indicates the potential power that workers can exercise through collective action, its outcome shows the need to raise awareness of employees' legal rights and responsibilities if labor is to use this power effectively. The claim that long-simmering worker resentment may have precipitated the strike suggests that the government may need to focus resources on developing effective mechanisms for tripartite (business-labor-government) communication. Helping management and workers deal with problems as they arise, and before strikes occur, likely will be one of the best ways to ensure the long-term success of Oman's labor reforms. End comment.

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